

COMMITTEE REPORT

MR. PRESIDENT:

The Senate Committee on Commerce and Consumer Affairs, to which was referred Senate Bill No. 333, has had the same under consideration and begs leave to report the same back to the Senate with the recommendation that said bill be AMENDED as follows:

- 1 Page 1, delete lines 1 through 17.
- 2 Delete pages 2 through 5.
- 3 Page 6, delete lines 1 through 32, begin a new paragraph and insert:
- 4 "SECTION 1. IC 4-31-1-2 IS AMENDED TO READ AS
- 5 FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 2. The ~~purpose~~
- 6 ~~purposes~~ of this article ~~is~~ **are**:
- 7 (1) to permit pari-mutuel wagering on horse races in Indiana;
- 8 (2) **to permit the sale of pari-mutuel pull tabs at racetracks in**
- 9 **Indiana;** and
- 10 (3) to ensure that **the sale of pari-mutuel pull tabs and**
- 11 pari-mutuel wagering on horse races in Indiana will be conducted
- 12 with the highest of standards and the greatest level of integrity.
- 13 SECTION 2. IC 4-31-2-1.5 IS ADDED TO THE INDIANA CODE
- 14 AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY
- 15 1, 2002]: **Sec. 1.5. "Adjusted gross receipts" means:**
- 16 (1) **the total of all cash and property (including checks**
- 17 **received by a permit holder whether collected or not) received**
- 18 **by a permit holder from pari-mutuel pull tab sales; minus**
- 19 **(2) the total of:**
- 20 (A) **all cash paid out as winnings for pari-mutuel pull tabs**

1 to patrons; and

2 (B) uncollectible pari-mutuel pull tab receivables, not to
3 exceed the lesser of:

4 (i) a reasonable provision for uncollectible patron checks
5 received from pari-mutuel pull tab sales; or

6 (ii) two percent (2%) of the total of all sums, including
7 checks, whether collected or not, less the amount paid
8 out as winnings for pari-mutuel pull tabs to patrons.

9 For purposes of this section, a counter or personal check that is
10 invalid or unenforceable under this article is considered cash
11 received by the permit holder from pari-mutuel pull tab sales.

12 SECTION 3. IC 4-31-2-11.5 IS ADDED TO THE INDIANA CODE
13 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY
14 1, 2002]: Sec. 11.5. "Pari-mutuel pull tab" means a game offered to
15 the public in which a person who purchases a ticket has the
16 opportunity to share in a prize pool, multiple prize pools, or a
17 shared prize pool consisting of the total amount wagered in the
18 game minus deductions by the permit holder selling the
19 pari-mutuel pull tab and other deductions either permitted or
20 required by law.

21 SECTION 4. IC 4-31-3-9 IS AMENDED TO READ AS FOLLOWS
22 [EFFECTIVE JULY 1, 2002]: Sec. 9. The commission may:

23 (1) adopt rules under IC 4-22-2, including emergency rules under
24 IC 4-22-2-37.1, to implement this article, including rules that
25 prescribe:

26 (A) the forms of wagering that are permitted;

27 (B) the number of races;

28 (C) the procedures for wagering;

29 (D) the wagering information to be provided to the public;

30 (E) the hours during which a racetrack may sell
31 pari-mutuel pull tabs under IC 4-31-7.5;

32 (F) fees for the issuance and renewal of:

33 (i) permits under IC 4-31-5;

34 (ii) satellite facility licenses under IC 4-31-5.5; and

35 (iii) licenses for racetrack personnel and racing participants
36 under IC 4-31-6;

37 ~~(F)~~ (G) investigative fees;

38 ~~(G)~~ (H) fines and penalties; and

39 ~~(H)~~ (I) any other regulation that the commission determines is
40 in the public interest in the conduct of recognized meetings
41 and wagering on horse racing in Indiana;

42 (2) appoint employees in the manner provided by IC 4-15-2 and

fix their compensation, subject to the approval of the budget agency under IC 4-12-1-13;
 (3) enter into contracts necessary to implement this article; and
 (4) receive and consider recommendations from an advisory development committee established under IC 4-31-11.

SECTION 5. IC 4-31-5-15 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 15. **Except as provided in IC 4-31-7.5**, any fees or penalties collected by the commission under ~~IC 4-31-3-9(1)(E)~~ **IC 4-31-3-9(1)(F)** through ~~IC 4-31-3-9(1)(G)~~ **IC 4-31-3-9(1)(H)** shall be paid into the state general fund.

SECTION 6. IC 4-31-7-1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 1. (a) A person holding a permit to conduct a horse racing meeting or a license to operate a satellite facility may provide a place in the racing meeting grounds or enclosure or the satellite facility at which the person may conduct and supervise the pari-mutuel system of wagering by patrons of legal age on the horse races conducted or simulcast by the person. The person may not permit or use:

- (1) another place other than that provided and designated by the person; or
- (2) another method or system of betting or wagering. **However, a person holding a permit to conduct a horse racing meeting may permit wagering on pari-mutuel pull tabs at the person's race track as permitted by IC 4-31-7.5.**

(b) Except as provided in section 7 of this chapter and IC 4-31-5.5, the pari-mutuel system of wagering may not be conducted on any races except the races at the racetrack, grounds, or enclosure for which the person holds a permit.

SECTION 7. IC 4-31-7-2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 2. (a) A person less than ~~eighteen (18)~~ **twenty-one (21)** years of age may not wager at a horse racing meeting.

(b) A person less than ~~seventeen (17)~~ **twenty-one (21)** years of age may not enter the grandstand, clubhouse, or similar areas of a racetrack at which wagering is permitted unless accompanied by a person who is at least twenty-one (21) years of age.

(c) A person less than ~~eighteen (18)~~ **twenty-one (21)** years of age may not enter a satellite facility.

SECTION 8. IC 4-31-7.5 IS ADDED TO THE INDIANA CODE AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]:

Chapter 7.5. Pari-Mutuel Pull Tabs

Sec. 1. (a) This chapter applies only to the sale of pari-mutuel pull tabs by a person who holds a permit to conduct a pari-mutuel horse racing meeting issued under IC 4-31-5.

(b) This chapter does not apply to the sale of pull tabs by a qualified organization (as defined in IC 4-32-6-20) under IC 4-32.

Sec. 2. A pari-mutuel pull tab game must be conducted in the following manner:

(1) Each set of tickets must have a predetermined:

(A) total purchase price; and

(B) amount of prizes.

(2) Randomly ordered pari-mutuel pull tab tickets may be distributed from an approved location or from a distribution device to:

(A) the permit holder at the permit holder's racetrack or satellite facility, or both; or

(B) a terminal or device of the permit holder at the permit holder's racetrack or satellite facility, or both.

(3) A pari-mutuel pull tab ticket must be presented to a player in the form of a paper ticket or display on a terminal or device.

(4) Game results must be initially covered or otherwise concealed from view on the pari-mutuel pull tab ticket, terminal, or device so that the number, letter, symbol, or set of numbers, letters, or symbols cannot be seen until the concealing medium is removed.

(5) A winner is identified after the display of the game results when a player removes the concealing medium of the pari-mutuel pull tab ticket or display on a terminal or device.

(6) A winner shall receive the prize or prizes posted or displayed for the game from the permit holder.

Sec. 3. A person less than twenty-one (21) years of age may not purchase a pari-mutuel pull tab ticket.

Sec. 4. The sale price of a pari-mutuel pull tab ticket may not exceed ten dollars (\$10).

Sec. 5. (a) The sale, purchase, and redemption of pari-mutuel pull tab tickets are limited to a live pari-mutuel horse racing facility operated by a permit holder under a recognized meeting permit first issued before January 1, 2002.

(b) Pari-mutuel pull tab tickets may not be sold, purchased, or redeemed at any of the locations described in this section until two

(2) unaffiliated permit holders operate live pari-mutuel horse

1 racing facilities at two (2) separate locations.

2 (c) A permit holder may not install more than seven hundred
3 (700) pull tab terminals or devices on the premises of the permit
4 holder's live pari-mutuel horse racing facility.

5 Sec. 6. The number and size of the prizes in a pari-mutuel pull
6 tab game must be finite but may not be limited.

7 Sec. 7. A list of prizes for winning pari-mutuel pull tab tickets
8 must be posted or displayed at a location where the tickets are sold.

9 Sec. 8. A permit holder may close a pari-mutuel pull tab game
10 at any time.

11 Sec. 9. A terminal or device selling pari-mutuel pull tab tickets
12 may be operated by a player without the assistance of the permit
13 holder for the sale and redemption of pari-mutuel pull tab tickets.

14 Sec. 10. A terminal or device selling pari-mutuel pull tab tickets
15 may not dispense coins or currency as prizes for winning tickets.
16 Prizes awarded by a terminal or device must be in the form of
17 credits for additional play or certificates redeemable for cash or
18 prizes.

19 Sec. 11. (a) The commission, with input and assistance from the
20 Indiana gaming commission, shall adopt rules under IC 4-22-2,
21 including emergency rules under IC 4-22-2-37.1, to implement this
22 chapter, including rules that prescribe:

23 (1) an approval process for pari-mutuel pull tab games that
24 requires periodic testing of the games and equipment by an
25 independent entity under the oversight of the commission to
26 ensure the integrity of the games to the public;

27 (2) a system of internal audit controls;

28 (3) a method of payment for pari-mutuel pull tab prizes that
29 allows a player to transfer credits from one (1) terminal or
30 device to another;

31 (4) a method of payment for pari-mutuel pull tab prizes that
32 allows a player to redeem a winning ticket for additional play
33 tickets or credit to permit purchase of additional play tickets;
34 and

35 (5) any other procedure or requirement necessary for the
36 efficient and economical operation of the pari-mutuel pull tab
37 games and the convenience of the public.

38 (b) The commission may enter into a contract with the Indiana
39 gaming commission for the provision of services necessary to
40 administer pari-mutuel pull tab games.

41 Sec. 12. The commission may assess an administrative fee to a
42 permit holder offering pari-mutuel pull tab games in an amount

that allows the commission to recover all the commission's costs of administering the pari-mutuel pull tab games.

Sec. 13. The commission may not permit the sale of pari-mutuel pull tab tickets in a county where a riverboat is docked.

Sec. 14. All shipments of gambling devices, including pari-mutuel pull tab machines, to permit holders in Indiana, the registering, recording, and labeling of which have been completed by the manufacturer or dealer in accordance with 15 U.S.C. 1171 through 15 U.S.C. 1178, are legal shipments of gambling devices into Indiana.

Sec. 15. Under 15 U.S.C. 1172, approved January 2, 1951, the state of Indiana, acting by and through elected and qualified members of the legislature, declares and proclaims that the state is exempt from 15 U.S.C. 1172.

SECTION 9. IC 4-31-9-1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 1. A person that holds a permit to conduct a horse racing meeting or a license to operate a satellite facility shall withhold:

- (1) eighteen percent (18%) of the total of money wagered on each day at the racetrack or satellite facility (including money wagered on exotic wagering pools, **but excluding money wagered on pari-mutuel pull tabs under IC 4-31-7.5**); plus
- (2) an additional three and one-half percent (3.5%) of the total of all money wagered on exotic wagering pools on each day at the racetrack or satellite facility."

Page 7, line 9, delete "to".

Page 7, line 10, delete "assess taxes".

Page 7, delete lines 12 through 18.

Page 7, delete lines 23 through 42.

Page 8, delete lines 1 through 3.

Page 8, line 29, delete "or is".

Page 8, line 30, delete "docked in".

Page 8, line 32, delete "or is docked".

Page 8, line 33, before "the second" delete "in".

Page 8, line 35, delete "or is docked".

Page 8, line 36, before "the third" delete "in".

Page 8, line 41, delete "or".

Page 8, line 42, delete "dock in".

Page 8, line 42, reset in roman "from".

Page 8, line 42, delete "at"

Page 9, line 3, delete "or docking in".

Page 9, line 12, reset in roman "from".

1 Page 9, line 12, delete "in".

2 Page 10, delete lines 12 through 42.

3 Page 11, delete lines 1 through 3.

4 Page 13, between lines 40 and 41, begin a new paragraph and insert:

5 "SECTION 31. IC 35-45-5-7 IS AMENDED TO READ AS
6 FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 7. This chapter does not
7 apply to the publication or broadcast of an advertisement, a list of
8 prizes, or other information concerning:

9 (1) pari-mutuel wagering on horse races or a lottery authorized by
10 the law of any state; ~~or~~

11 (2) a game of chance operated in accordance with IC 4-32; **or**

12 **(3) a pari-mutuel pull tab game operated in accordance with**
13 **IC 4-31-7.5.**

14 SECTION 32. IC 35-45-5-11 IS ADDED TO THE INDIANA
15 CODE AS A **NEW** SECTION TO READ AS FOLLOWS
16 [EFFECTIVE JULY 1, 2002]: **Sec. 11. This chapter does not apply**
17 **to the sale of pari-mutuel pull tab tickets authorized by**
18 **IC 4-31-7.5."**

19 Page 13, after line 42, begin a new paragraph and insert:

20 "SECTION 34. [EFFECTIVE JULY 1, 2002] **(a) The Indiana**
21 **horse racing commission shall adopt the emergency rules required**
22 **under IC 4-31-7.5-11, as added by this act, before September 1,**

- 1 **2002.**
- 2 **(b) This SECTION expires December 31, 2002."**
- 3 Renumber all SECTIONS consecutively.
 (Reference is to SB 333 as introduced.)

and when so amended that said bill do pass .

Committee Vote: Yeas 6, Nays 5.

Senator Server, Chairperson